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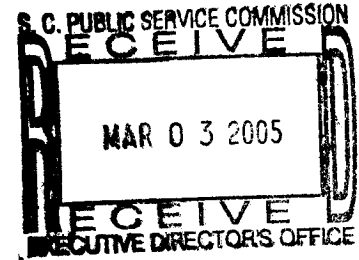
Coleman F. Buckhouse, MD

OFFICE OF GENERAL COUNSEL

TEL.:(803)898-3349 FAX:(803)898-3367

March 1, 2005

Charles A. L. Terreni
Chief Clerk
SC Public Service Commission
P.O. Drawer 11649
Columbia, SC 29211



Re: Docket No.: 2004-357-WS

**Carolina Water Services, Inc., Application for Adjustment of Rates and Charges
and Modification of Certain Terms and Conditions for the Provision of Water
and Sewer Service**

Dear Mr. Terreni:

Please find enclosed for filing the original and one copy of the *Petition of the South Carolina Department of Health and Environmental Control to Intervene and Notice of and Motion to Expand Scope of Hearing*, along with a *Certificate of Service* in the above-referenced case. Please clock-in the copy for our office and return in the envelope provided.

By copy of this letter, I am serving the necessary parties. Thank you for your assistance in this matter.

Sincerely,

Jessica J. O. King
Attorney for DHEC

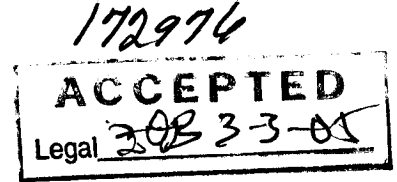
Enclosure

cc: Florence Belser, Esq., Office of Regulatory Staff
John Hoefer, Esq.
David Butler, Esq.
Jeff de Bessonnet, BOW

INTERVENOR

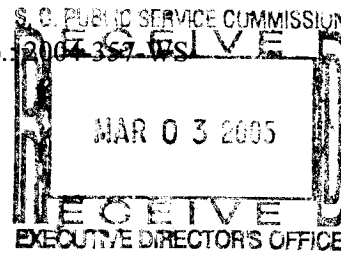
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STATE OF SOUTH CAROLINA PUBLIC SERVICE COMMISSION



Application of Carolina Water Service, Inc.)
Application for Adjustment of Rates and)
Charges and Modification of Certain Terms)
and Conditions for the Provision of Water)
and Sewer Service)

Docket No. 2004-357-WS



PETITION OF THE SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL TO INTERVENE AND NOTICE OF MOTION AND MOTION TO EXPAND SCOPE OF HEARING

In accordance with 26 S.C. Code Ann. Regs. 103-836 (Supp. 2004), Petitioner South Carolina Department of Health and Environmental Control ("DHEC" or "the Department") herein petitions to intervene in the formal proceedings in the above captioned action on the grounds set forth below. DHEC also moves for an order expanding the scope of the instant proceeding as set forth more fully below.

1. The Facts from which the nature of the Department's interests can be determined:

Carolina Water Service, Inc. (CWS) filed an application in December 2004, seeking adjustment of CWS's rates and charges and modification of certain terms and conditions for the provision of water and sewer services. CWS's petition seeks approval of an increase in water and sewer service charges, as well as modification to the terms and conditions under which a tenant will be billed for water and sewer services. Furthermore, CWS's application proposes to add language requiring its customers to conduct cross connection testing and to add a charge for same if inspections are undertaken by CWS. The application does not seek any changes to the following provision of CWS's approved tariff for sewage treatment:

Charge for Sewage Collection Service Only

When Sewage is collected by the Utility and transferred to a government body or agency, or other entity for treatment, . . . [t]he Utility will also charge for treatment services provided by the government body or agency or other entity. **The rates imposed or charged by the government body or agency or other entity providing treatment will be charged to the Utility's affected customers on a pro rata basis, without markup. Where the Utility is required under the terms of the 201/208 Plan to interconnect to the sewage treatment system of a government body of [sic] or other entity and tap/connection/impact fees are imposed by that entity, such tap/connection/impact fees will be charged to the Utility's affected customers on a pro rate basis, without markup.**

Tariff, approved by the Commission by Order No. 94-484, effective May 31, 1994 (emphasis added).

RETURN DATE: OK DBD
SERVICE: OK DBD

On information and belief, each of the individual systems comprising CWS's customer base serves a small fraction of the total customer base. The quoted tariff provision has the practical effect of allowing/requiring CWS to recover costs of bulk treatment provided by a third party in a way which is substantially different from the mechanism by which it is allowed to recover costs of capital improvements, even if such improvements affect only one system. The existing tariff, by isolating the burden of pass-through treatment costs to the customers of one of

CWS's constituent systems, results in potential rate shock to CWS's present customers. *Cf.* Carolina Water Service, Inc., Docket No. 2000-511-W/S, Order No. 2001-360, April 27, 2001. Upon evaluation of such prospective rate shock, the Public Service Commission has denied approval of proposed interconnection proposals. *Id.* This has the effect of thwarting implementation of area-wide wastewater treatment plans established pursuant to Section 208 of the Federal Clean Water Act, which DHEC has an interest in seeing put into effect.

2. The Grounds of the proposed intervention:

- a. The Department has an interest in regulating discharges of treated wastewater to the environment so that citizens and the environment in the State of South Carolina may be protected.
- b. CWS's Lincolnshire, Friarsgate, I-20, Watergate, Kings Grant and Teal on the Ashley Wastewater Treatment Facilities have been identified as being facilities to be connected to regional sewer which will implement the provisions of the Areawide 208 Plan, as required by the Clean Water Act, and will advance the purposes of the Pollution Control Act and regulations promulgated pursuant thereto by eliminating discharges to the environment.
- c. The Public Service Commission is required to consider all factors bearing on a proposed tariff amendment, and is authorized to "consider all facts which ... have a bearing upon a proper determination of the question, although not set forth in the ... application" S.C. Code Ann. Section 58-5-300 (1976).
- d. The relief DHEC seeks will affect present customers of CWS who may be potentially affected by impact fees and treatment charges which CWS will pass through if connection to a regional facility is approved.
- e. Although present customers of CWS could appeal a proposed interconnection to regional

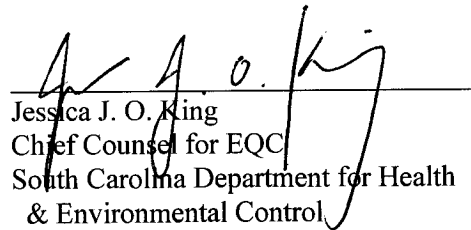
sewer, an appeal which results only in denial of the interconnection fails to consider all relevant factors and fails to balance the Commission's responsibility to ensure a return fair to company and customer with the equally legitimate interests embodied in the area-wide wastewater treatment plans required by the Clean Water Act.

f. No other party is likely to raise or defend DHEC's position on this point.

3. The Department's position in the proceeding:

Although the Department takes no position on monthly service rates as may be approved by the Commission, the Department requests the Public Service Commission grant this Petition for Leave to Intervene and grant the Motion to expand the scope of this hearing to encompass the pass-through provisions of CWS's tariff.

Respectfully submitted,



Jessica J. O. King
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& Environmental Control
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March 1, 2005
Columbia, South Carolina

**STATE OF SOUTH CAROLINA
PUBLIC SERVICE COMMISSION**

Application of Carolina Water Service, Inc.)	Docket No.: 2004-357-WS
For Adjustment of Rates and Charges and)	
Modification of Certain Terms and)	
Conditions for the Provision of Water and)	
Sewer Service)	
_____)	

The undersigned for the South Carolina Department of Health and Environmental Control (DHEC) states that she has on March 1, 2005, served upon the necessary parties *Petition of the South Carolina Department of Health and Environmental Control to Intervene and Notice of Motion and Motion to Expand Scope of Hearing* in the above-captioned matter by depositing a copy of same in the U. S. Mail, return address clearly stated with sufficient postage affixed thereto, addressed as follows:

John M.S. Hoeffler, Esquire
Willoughby & Hoeffler, P.A.
P.O. Box 8416
Columbia, SC 29202-8416



Jessica de Benedetto

March 1, 2005